

THIS DISPOSITION
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OF THE TTAB

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3514

Taylor

Mailed: June 4, 2004

Cancellation No. 92032471

Jimlar Corporation

v.

Montrexpert S.P.A., by
change of juridical form
from Montrexpert S.R.L.¹

Before Simms, Walters and Rogers,
Administrative Trademark Judges.

By the Board:

We note preliminarily that on June 28, 2003, the Board issued a notice of default in this case. In response, respondent stated that it had timely filed an answer on April 10, 2003. Respondent also included a stamped post card showing receipt of the answer by the Office on April 14, 2003 and a copy of the answer.

In view of the forgoing, the notice of default is hereby set aside and the answer is made of record.

Jimlar Corporation has filed a petition to cancel Registration No. 1983400 for the following mark for "shoes, athletic footwear, sandals, boots and slippers" issued to

¹ Evidence of the change of juridical form is recorded in the Assignment Branch of this Office at Reel 2388, Frame 0249.

Montrexpert S.R.L. Corporation on July 2, 2004, thereafter conveyed to Montrexpert S.P.A., by change of juridical form.²



This case now comes up for consideration of (1) petitioner's combined motion (filed January 8, 2004) for summary judgment and for leave to amend the pleadings; (2) respondent's cross-motion to amend the involved registration; and (3) respondent's motion (filed October 10, 2003) to extend time to respond to discovery requests.

Motion to Amend Petition for Cancellation

We turn first to petitioner's motion to amend the petition for cancellation to add a cause of action for fraud.³ The amended allegations read:

5. On September 25, 2001, Petitioner filed a Petition For Cancellation of Registrant's U.S. Registration No. 1,983,400, issued July 2, 1996, based upon Registrant's abandonment of its rights to the MONTREX & Design trademark in the United States, including U.S. Registration No. 1,983,400.

6. This cancellation proceeding was subsequently declared and the parties proceeded with discovery, as directed by the Board.

² Section 8 affidavit filed October 25, 2001 and accepted June 18, 2002.

³ It is noted that petitioner originally sought cancellation of the involved registration solely on the ground of abandonment with no intent to resume use.

7. During the course of discovery in this proceeding, Petitioner learned that on or about October 22, 2001, Registrant filed a Combined Declaration Under Sections 8 & 15.

8. The Combined Declaration Under Sections 8 & 15 filed by Registrant was signed by Registrant's president, Giuseppe Loris Montresor, and included the following statements.

"... that the mark... has been in continuous use in interstate commerce for five consecutive years from 2 July, 1996 to the present on the following goods: shoes, athletic footwear, sandals, boots and slippers; that said mark id (sic) still in use in interstate; ...that all statements made of the undersigned's own knowledge are true and all statements made on information and belief are believed to be true."

9. On or about July 21, 2003, Petitioner served Registrant's attorney, David A. Weinstein, Esq. a set of interrogatories entitled: Petitioner's First Set of Interrogatories to Registrant.

10. On or about October 17, 2003, Mr. Weinstein served on the undersigned Registrant's Responses to Petitioner's First Set of Interrogatories to Registrant.

11. Interrogatory No. 2 of the interrogatories requested that Registrant identify each use by Registrant of its mark in commerce within or with the United States in conjunction with athletic footwear.

The response: "Registrant does not sell athletic footwear in the United States."

12. Interrogatory No. 5 of the interrogatories requested that Registrant identify each use by Registrant of its mark in commerce within or with the United States in conjunction with slippers.

The response: "Registrant does not sell slippers in the United States."

13. On or about October 30, 2003, Petitioner's First Set of Requests for Admissions to Registrant was mailed to Registrant's Attorney. Those requests for admissions were responded to on or about November 26, 2003.

14. In Registrant's responses to the requests for admissions, Registrant admits that it does not and never has sold slippers in United States in connection with the registered mark[.]

15. In Registrant's responses to the requests for admissions, Registrant admits that it does not and never has sold athletic footwear in United States in connection with the registered mark.

16. Therefore, Registrant admits that it has never used the registered mark on slippers and athletic footwear in U.S. commerce.

17. Accordingly, the statement made by registrant in the Combined Declarations [sic] Under Section 8 & 15 that the registered mark has been in continuous use in interstate commerce for five consecutive years from July 2, 1996 to present on athletic footwear and slippers is not true.

20. At the time Registrant submitted its Combined Declaration Under Sections 8 & 15, Registrant had not ever and was not then using its registered mark on slippers or athletic shoes in commerce.

21. Accordingly, Registrant, in its Combined Declaration Under Sections 8 & 15, made knowingly false or fraudulent statements as to its use of its mark on slippers and athletic shoes in commerce.

22. Upon information and belief, those false or fraudulent statements in its Combined Declaration Under Sections 8 & 15 were made by Registrant with the intent to induce authorized agents of the United States Patent and Trademark Office to continue Registrant's registration.

23. Upon information and belief, the agents of the United States Patent and Trademark Office did in fact rely on Registrant's false or fraudulent statements in its Combined Declaration Under Sections 8 & 15, and did grant continuance of Registrant's registration, under Section 8 of the Trademark Act.

24. Accordingly, continuation of the registration here at issue was procured on the basis of Registrant's knowingly false or fraudulent statements as to its use of its mark on slippers and athletic shoes.

25. Registrant has committed fraud with respect to the continuance of Registration no. 1,983,400.

In support of its motion, petitioner argues that during discovery in this action, "it has become apparent that registrant has not only abandoned its rights to the registered mark, it has also committed fraud by filing a false declaration under Sections 8 and 15 of the Trademark Act." Petitioner argues that the facts concerning respondent's fraudulent declaration have only recently come to light in respondent's responses to petitioner's first set of interrogatories and requests for admission and, therefore, petitioner should be allowed to amend the petition for cancellation to include that claim.

Respondent has opposed the motion, arguing that the motion does not embody and is not accompanied by a brief; that the motion consists of a one sentence request to amend and a proposed amended petition for cancellation; and that

petitioner failed to cite any authority in support of its motion.

Under Fed. R. Civ. P. 15(a), the Board liberally grants leave to amend pleadings at any stage of a proceeding when justice so requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party or parties. *See, e.g., Polaris Industries v. DC Comics*, 59 USPQ2d 1789 (TTAB 2001); and *Boral Ltd. v. FMC Corp.*, 59 USPQ2d 1701 (TTAB 2000).

Respondent's argument that petitioner failed to file a proper motion is not well taken. We find that petitioner set forth sufficient facts in its motion to allow us to make a determination thereon. We further find the circumstances appropriate for granting petitioner's motion for leave to amend the petition for cancellation. Specifically, petitioner did not learn of the grounds for the fraud claim until it received respondent's answers to its interrogatories and requests for admission and petitioner filed this motion shortly thereafter. The testimony periods have yet to open and discovery could be reopened for the purpose of taking discovery on the new claim, if that were necessary to avoid any possible prejudice to respondent. We note, however, that respondent possesses all of the information concerning the filing of its combined Section 8 and 15 declaration in connection with the involved registration, so that reopening

of discovery would not be necessary. Moreover, respondent objected to the motion on a purported procedural deficiency, not on its merits.

In view thereof, petitioner's motion for leave to amend the petition for cancellation is granted and the amended petition for cancellation (filed January 8, 2004) is now petitioner's operative pleading in this case.

Motion for Summary Judgment and Cross-Motion to Amend Registration

We turn now to petitioner's motion for summary judgment solely on the issue of fraud and respondent's cross-motion to amend its involved registration.⁴ As support for the motion for summary judgment, petitioner argues that respondent's statement in the combined declaration under Sections 8 & 15 that the registered mark has been in continuous use in interstate commerce for five consecutive years from July 2, 1996 to the present on "athletic footwear" and "slippers" is not true; that the statement was a material misrepresentation of fact with regard to the use of the mark on those goods; that respondent's president (the declarant) was in a position to have personal knowledge of the facts concerning the use of his company's mark on goods in the United States and, as such, respondent's president

⁴ Although petitioner made a single reference to its abandonment claim, it is clear that petitioner's motion for summary judgment is solely on the fraud claim. Accordingly, respondent's arguments regarding the abandonment claim have not been considered.

knew or should have known that the representation made as to the use of the mark on particular goods was false and misleading; and that if the statement had not been made, there would have been no basis for the continued registration of the mark with respect to slippers and athletic footwear and the mark would have been cancelled as to these goods, absent a valid excuse for nonuse.

As regards the element of intent, petitioner points out that the Board in *General Car and Truck Leasing Systems Inc. v. General Rent-A-Car Inc.*, 17 USPQ2d 1398, 1400 (S.D. Fla. 1990), *aff'g General Rent-A-Car Inc. v. General Leaseways, Inc.*, Canc. No. 14,870 (TTAB May 2, 1998) found that "... proof of specific intent to commit fraud is not required, rather fraud occurs when an applicant or registrant makes a false material representation that the applicant or registrant knew or should have known was false." Petitioner accordingly argues that respondent's president was under an obligation to ascertain whether the mark was used on athletic shoes and slippers before signing the declaration.

In short, petitioner maintains that the material misrepresentations of fact, as to the use of the mark on athletic footwear and slippers, were made in the declaration filed under Section 8 by a person who knew or should have known that they were false and fraudulent and, accordingly,

Registration No. 1983400 should be cancelled in its entirety.

As evidentiary support for its motion, petitioner has submitted (1) a copy of an office action regarding petitioner's pending application Serial No. 76176097, wherein the Examining Attorney has refused registration to petitioner of its applied-for mark on the basis of a likelihood of confusion with involved Registration No. 1983400; (2) a copy of the Section 8 & 15 declaration filed by respondent in connection with involved Registration No. 1983400; (3) a copy of petitioner's first set of interrogatories to respondent and respondent's responses thereto; and (4) a copy of registrant's responses to petitioner's first set of requests for admissions to registrant.

Despite respondent's contention that its response to the motion for summary judgment appears premature because the Board has not ruled on petitioner's motion to amend, respondent argues "there are genuine issues of material fact regarding evidence to be considered at final hearing, after the trial periods, and that Petitioner is not entitled to judgment as a matter of law." More specifically, respondent argues that petitioner's motion does not expressly state and does not show that there are no genuine issues of material fact regarding petitioner's fraud allegation remaining for

trial; that petitioner's showing that respondent's statement in its Section 8 declaration is "not true" does not amount to proving the statement is fraudulent; that respondent did not make a fraudulent statement, i.e., respondent did not knowingly make false, material representations of fact in its use declaration inasmuch as (1) respondent had no intent to deceive the United States Patent and Trademark Office; and (2) Mr. Montresor, the declarant, did not know the reference to athletic footwear and slippers was inaccurate and false, when the declaration of use was signed; that Mr. Montresor did not understand the legal effect of the statements included in the declaration; and that accordingly, the motion should be denied.

Respondent also questioned whether petitioner's reference in its motion to the office action refusing registration of petitioner's mark, and attached copy thereof, is sufficient to show standing, because the motion for summary judgment is not verified and there is no declaration concerning the action.

Additionally, respondent filed a motion to amend its involved Registration No. 1983400 by deleting "athletic footwear" and "slippers" from the list of recited goods in an apparent effort to cure the misstatement in its Section 8 declaration.

As evidentiary support for its response and motion to amend, respondent has submitted two essentially identical declarations of its president, Giuseppe Loris Montresor.

Mr. Montresor states, in pertinent part:⁵

3. On September 21, 2001, I signed a Section 8 & 15 Declaration ("Use Declaration") alleging continuous use of the mark since July 2, 1996 in connection with all the goods the Registration covers, namely, "shoes, athletic footwear, sandals, boots, and slippers." I signed in my capacity as President of Montrexpert, S.P.A., an Italian corporation.

6. At the time I signed the Use Declaration, I did not know the Mark had not been used in the United States in connection with "athletic shoes"⁶ and "slippers" after the registration date. Moreover, because I did not administer operations of the Registration Owner concerning the sale of its goods in the United States at the time I signed the Use Declaration I would not have reason to know the Mark had not been used in the United States on such goods after the registration date.

7. At the time I signed the Use Declaration, the legal effect of the statements in the Use Declaration were unclear to me. I had an honest misunderstanding about such effect concerning the statements. Based upon information provided to me specifically regarding the Mark's use in the United States (about which I

⁵ The Board has repeated paragraphs from respondent's declaration in support of its response to the motion for summary judgment.

⁶ Mr. Montresor has repeatedly used the term "athletic shoes" in his declaration. We read this term as meaning athletic footwear.

had no actual knowledge), I did not understand the implication of the phrase "willful false statement." To the extent I understood the phrase, I was under the impression a willful false statement is one deliberately made with intent to deceive. When I signed the Use Declaration I did not know references to "athletic shoes" and "slippers" was inaccurate and false, nor did I intend to deceive the United States Patent and Trademark Office for purposes of maintaining the registration.

8. Based upon provided information and what I knew then, when I signed the Use Declaration I did not believe it contained any willfully false statements, because it says "statements made on information and belief are believed to be true." I believed the reference to "athletic shoes" and "slippers" was true.

10. To the extent statements in the Use Declaration were inaccurate and false, I made them in good faith although through inadvertence and, perhaps, negligent omission. They were not fraudulent. I did not believe or have knowledge that statements about "athletic shoes" and "slippers" were false and I had no intention to deceive the United States Patent and Trademark Office.

11. I subsequently learned of the inaccurate statements and, on behalf of the Registration Owner, am requesting amendment of the Registration to correct it regarding the identification of goods so that the Registration Owner will not possess a substantive benefit to which it is not entitled.

In reply, petitioner contends that respondent's procedural objections as to the premature nature of the

motion for summary judgment are unfounded. As regards the issue of intent, petitioner argues that it is irrelevant that Mr. Montresor actually knew whether athletic footwear and slippers were being sold under the mark in the United States when he signed the declaration of continued use. This is so, petitioner argues, because as president of respondent, Mr. Montresor is in a position to have knowledge as to which goods bearing the mark his company was selling in the United States and is chargeable with that knowledge, regardless of his understanding concerning the fact of use.

As regards the motion to amend the involved registration, petitioner states that Section 7(e) of the Trademark Act provides that a registration may be amended "for good cause" and that the request based on mistake by a registrant under 37 C.F.R. § 2.175 must be accompanied by the required fee, the registration certificate (or a certified copy thereof) and a showing that the registrant's mistake was made in good faith. Petitioner contends that respondent has complied with none of the requirements.

Additionally, petitioner, citing to *Medinol Ltd. v. Neuro Vasx Inc.*, 67 USPQ2d 1205 (TTAB 2003) argues that when a registration is based upon a fraudulent statement, the registration is void in its entirety and cannot be rehabilitated by amendment.

A party is entitled to summary judgment when it has demonstrated that there are no genuine issues as to any material facts, and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). The evidence must be viewed in a light favorable to the nonmoving party, and all justifiable inferences are to be drawn in the nonmovant's favor. See *Opryland USA Inc. v. The Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

Fraud in maintaining a registration involves a willful withholding from the Patent and Trademark Office by a registrant of material information or facts which, if transmitted and disclosed to the examiner, would have resulted in the possible cancellation in whole or in part of a registration for failure to comply with Section 8. See *Volkswagenwerk Aktiengesellschaft v. Advance Welding and Mfg. Corp.*, 193 USPQ 673 (TTAB 1976).

The intent element of fraud may be found when an applicant or registrant makes a false, material representation that the applicant or registrant knew or should have known was false. *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986). See also *General Car and Truck Leasing Systems Inc. v. General Rent-A-Car Inc.*, *supra*; *Duffy-Mott Company, Inc. v. Cumberland Packing Company*, 165 USPQ 422 (CCPA 1970); and *Medinol Ltd. v. Neuro VASX, Inc.*, *supra*.

Initially, respondent's motion to amend the involved registration is denied as inappropriate under the circumstances.⁷ That is, respondent cannot cure an act of fraud by a later amendment. Even if the false information is deleted, the question remains whether or not respondent committed fraud upon the Office in the maintenance of its registration. Cf. *Medinol v. Neuro Vasx*, *supra*.

We now turn to petitioner's motion for summary judgment. As regards the issue of standing, the Board has previously held that standing is found where a plaintiff has been refused registration because of defendant's registration. See *Hartwell Co. v. Shane*, 17 USPQ2d 1569 (TTAB 1990). Herein, petitioner has made of record the office action denying registration to it based upon the existence of involved Registration No. 1983400.⁸ Despite respondent's contention otherwise, we find petitioner's submission sufficient, per se, to show the lack of any genuine issue of material fact as to petitioner's standing; and that petitioner has standing to bring the cancellation proceedings considered herein.

⁷ We point out that the motion is also procedurally improper because it was not accompanied by the proper fee. See Trademark Rule 2.173(a).

⁸ Notably, the records of this Office confirm the status of petitioner's pending application.

As regards the issue of fraud, based on the parties' briefs and the record before us, it is undisputed that respondent claimed continued use on the following goods when it filed its combined declaration of continued use and incontestability under Sections 8 & 15 of the Trademark Act:

shoes, athletic footwear, sandals, boots and slippers. (*emphasis added*)

This listing of goods is preceded by the following statement: that the mark shown therein [in the accompanying specimens] has been in continuous use in interstate commerce for five consecutive years from 2 July, 1996 to the present on the following goods. The signed declaration attested to the truth of the statements made therein.

It is also undisputed that respondent has never used the involved mark on the goods identified as "athletic footwear" and "slippers" in the United States. (See respondent's responses to petitioner's first set of interrogatories Nos. 2 and 5 and respondent's responses to petitioner's requests for admissions Nos. 3-7 and 8-12); see also, Montresor Dec. at 6.

Respondent's explanation for its "inadvertence" in identifying the goods on which its mark had been in continuous use since the registration date is that its declarant "did not know the mark had not been in used in the United States in connection with 'athletic shoes' and 'slippers' after the registration date." Montresor Dec. at 6. Further, Mr. Montresor, in his declaration, states that

"because [he] did not administer operations of the Registrant Owner concerning the sale of its goods in the United States at the time [he] signed the Use Declaration [he] would not have reason to know the Mark had not been used in the United States on such goods after the registration date." Montresor Dec. at 8 and 9.

Based on the record, there is no genuine issue of material fact that respondent filed a declaration of continued use and signed the same, attesting to the truth of all statements therein, when it knew or should have known that it did not use the mark in connection with all of goods listed in the declaration.

There is no question that the continued registration of the involved mark for "athletic footwear" and "slippers" would have been disallowed but for respondent's misrepresentation, because the USPTO will not maintain a registration covering goods upon which the mark has not been used. Therefore, alleging use of a mark in connection with goods in a declaration of continued use pursuant to Section 8 of the Trademark Act, when there is no use, is a false, material representation.

The fact that respondent may not have understood the legal effect of a clear and unambiguous requirement for a declaration of continued use does not negate the intent element of fraud in a Board proceeding. Applicant's

President, Mr. Montresor, signed the declaration that clearly stated respondent was using the mark on "athletic footwear" and "slippers" when Mr. Montresor knew (or should have known) respondent was not using the mark on these goods. Respondent is charged with knowing what it is signing and by signing with a "reckless disregard for the truth" respondent commits fraud.⁹ See *Medinol v. Neuro Vasx, supra*. Mr. Montresor's statements that he did not "believe or have knowledge that statements about 'athletic shoes' and 'slippers' were false" and that he had "no intention to deceive the United States Patent and Trademark Office" do not avoid the fraud. As stated in *General Car and Truck* "the intent of [the signatories] is not material to the question of fraud in this cause." *General Car and Truck*, 17 USPQ2d at 1401. Moreover, and as previously stated, respondent cannot cure an act of fraud by a later amendment.

⁹ Respondent seems to argue for a more restrictive view of intent; however, the appropriate inquiry is not into a registrant's subjective intent, but rather into the objective manifestations of that intent. See *Medinol v. Neuro Vasx*, 67 USPQ2d at 1209. It is well established that in Board proceedings "proof of specific intent is not required, rather, fraud occurs when an applicant or registrant makes a false material representation that the applicant or registrant knew or should have known was false." *General Car and Truck*, 17 USPQ2d at 1400-1401 (intent of the signatories not material to question of fraud). In this regard, it is important to note that the Trademark Office relies on the thoroughness, accuracy and honesty of each registrant. Allowing registrants to be careless in their statements of continued use would result in registrations improperly accorded legal presumptions in connection with goods on which the mark is not used.

Additionally, respondent attempts to distinguish the cases relied upon by petitioner, i.e., *Medinol; General Car and Truck; and Torres*, by stating that here respondent's misrepresentations were in regard to the maintenance of a registration and were made in good faith and without actual knowledge that the statements were untrue, whereas in those cases the misrepresentations occurred in the procurement of the registrations and/or with the declarants' knowledge. We find this distinction to be immaterial. At the time a registrant files a declaration of continued use under Section 8, the registrant must know if it is using the mark on the goods. While there may be circumstances where a mistake as to use is made that does not constitute fraud, that is not the case before us.

For the reasons set forth above, we find that respondent's material misrepresentations made in connection with its declaration of continued use were fraudulent.

In view of the foregoing, there are no genuine issues of material fact remaining for trial and petitioner's motion for summary judgment is granted; the petition to cancel is granted; and Registration No. 1983400 will be cancelled in due course.¹⁰

* * *

¹⁰ Consequently, respondent's motion to extend time to respond to petitioner's discovery request is moot.